

Message Text

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ACTION EA-12

INFO OCT-01 ISO-00 CIAE-00 DODE-00 PM-05 H-01 INR-10
L-03 NSAE-00 NSC-05 PA-01 SP-02 SS-15 ICA-11
EB-08 TRSE-00 OMB-01 /075 W
-----005612 210820Z /10

R 210600Z JUL 78
FM AMEMBASSY PORT MORESBY
TO SECSTATE WASHDC 3501
INFO AMEMBASSY CANBERRA
CINCPAC HONOLULU HI

C O N F I D E N T I A L SECTION 1 OF 2 PORT MORESBY 1124

CINCPAC ALSO FOR POLAD

E.O. 11652: GDS
TAGS: PINT, PP
SUBJECT: CONFRONTATION ERUPTS ANEW OVER LEADERSHIP CODE

REF: PORT MORESBY 0783

1. SUMMARY: SOMARE/PANGU DECISION TO RESUBMIT TOUGH LEADERSHIP CODE TO AUGUST SESSION HAS TRIGGERED POLITICAL FUROR. DEPUTY PRIME MINISTER CHAN AND HIS PARTY, PPP, ADAMANTLY OPPOSED, AS OTHER OPPOSITION GROUPS SEEM TO BE. WHY SOMARE WOULD PUSH ISSUE WHICH COULD BOTH BE DEFEATED AND THREATEN GOVERNING COALITION UNCLEAR. IN FACT, ONLY THING CLEAR AT THIS STAGE IS THAT THERE INCIPIENT POLITICAL STRUGGLE. FOLLOWING PROVIDES UP-DATE ON FIRST DEVELOPMENTS SINCE SUBMISSION REFTEL. END SUMMARY.

2. INTER-PARTY AND INTRA-GOVERNMENT DIFFERENCES OVER THE ADMINISTRATION'S PROPOSED LEADERSHIP CODE HAVE ERUPTED AGAIN. NBC REPORTED ON JULY 18 THAT PRIME MINISTER SOMARE, FOLLOWING A MEETING WITH PANGU PATI MINISTERS, HAD DECIDED TO RE-INTRODUCE HIS ORIGINAL VERSION OF THE
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LEADERSHIP CODE AT THE AUGUST SESSION OF PARLIAMENT. THIS VERSION CALLED FOR DIVESTMENT OF BUSINESS HOLDINGS BY NATIONAL LEADERS, A SUBSTANTIAL CHANGE FROM A REVISED CODE REPORTEDLY WORKED OUT WITH PANGU'S COALITION PARTNER, PEOPLES PROGRESS PARTY (PPP). THE PANGU/PPP VERSION WOULD HAVE PERMITTED LEADERS TO RETAIN BUSINESS INTERESTS THEY HAD HELD PRIOR TO ASSUMING POSITIONS OF LEADERSHIP.

3. SEVERAL PPP PARLIAMENTARIANS HAD PREVIOUSLY OPPOSED THE LEADERSHIP CODE AND DEPUTY PRIME MINISTER CHAN HAD NOT ONLY BEEN VERY CRITICAL OF CODE, BUT HAD ALSO FOUGHT IT BEHIND THE SCENES. LATEST PANGU SWITCH BROUGHT IMMEDIATE CONDEMNATION FROM PPP'S CHAIRMAN WHO SAID PARTY WAS UNITED AGAINST THE CODE. THIS WEEK CHAN ASKED A GOOD FRIEND OF HIS (AND OF THE EMBASSY) TO TELL THE EMBASSY THAT HE HAD INFO CONCERNING BUSINESS INVESTMENTS BY HIGH LEVEL PANGU POLITICIANS AND PUBLIC SERVANTS WHICH WERE GOING BAD. AS A RESULT, THESE PEOPLE WERE PUSHING SOMARE ON LEADERSHIP CODE SO THEY WOULD BE "FORCED" TO SELL THEIR BUSINESSES - AND RECOUP THEIR LOSSES. ACCORDING TO FRIEND, CHAN WANTED U.S. EMBASSY TO GET THIS WORD TO AMERICAN PRESS BECAUSE LOCAL PRESS WOULD NOT PRINT IT AND HE (CHAN) DID NOT WANT TO HAVE ANYTHING TO DO WITH AUSTRALIAN REPORTERS. CHAN'S ONLY PUBLIC COMMENT PAST FEW DAYS WAS REMARK THAT MINISTERS SHOULD CONCENTRATE ON GOVERNING RATHER THAN ON SELF-CREATED CRISES.

4. DECENTRALIZATION MINISTER FATHER MOMIS FANNED THE FLAMES ON JULY 19 AT A PRESS LUNCH, STATING PPP WOULD SUPPORT THE CODE IF IT WERE COMMITTED TO DEVELOPMENT OF PNG AS AN INDEPENDENT NATION. SAYING PANGU WANTED TO OVERHAUL ECONOMIC AND POLITICAL POWER STRUCTURE AND

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CURTAIN FOREIGN INFLUENCE ON ECONOMY, MOMIS WARNED THAT "FOREIGN BUSINESSMEN AND AUSTRALIAN REPRESENTATIVES IN PAPUA NEW GUINEA MUST NOT MEDDLE WITH THE POLITICS OF THE CODE." ON THE SAME DAY, PM SOMARE SPOKE OUT, ADMITTING CRITICISM FROM "OLD POLITICAL FRIENDS" (READ CHAN) BUT ADDING THAT AS HEAD OF GOVERNMENT HE HAD TO TAKE LEAD AND THAT HE HAD TAKEN INTO ACCOUNT THE CONSEQUENCES OF HIS DECISION.

5. MOMIS SPOKE OF A NEW NATIONAL PRESSURE GROUP IN PARLIAMENT WHICH WOULD APPROVE THE CODE. WHERE (OR IF) PANGU WILL GET SUFFICIENT ADDITIONAL VOTES (IT CAN REASONABLY COUNT ON 42 OF 109) IS SUBJECT OF WIDESPREAD CONJECTURE. AT THIS POINT PPP AND THE NEW PEOPLES UNITED FRONT/PAPUA BESENA OPPOSITION COALITION ARE EXPECTED TO VOTE AGAINST THE CODE. A UNITED PARTY LEADER TOLD US JULY 20 THAT THE PARTY HAD BEEN APPROACHED BY MOMIS AND THAT STILL INCONCLUSIVE DISCUSSIONS ARE UNDERWAY. JUDGING FROM THE VOTING ON THE OPPOSITION LEADERSHIP QUESTION IN MAY SESSION, UP CAN PROBABLY PRODUCE 18 VOTES. SAME UP SOURCE SAID MOMIS HAS EYES ON PRIME MINISTRY FOR HIMSELF. NBC QUOTED MOMIS JULY 20 AS HAVING

SAID IF LEADERSHIP CODE WERE TO FAIL, HE WOULD LEAD NEW GROUP, "THE PANGU LEFT-WING". AS PERHAPS PNG'S PRINCIPAL ADVOCATE OF PROVINCIAL GOVERNMENT AND AS MINISTER CHARGED WITH MAKING DECENTRALIZATION WORK, FATHER MOMIS MAY BE LEADING THE ATTACK TO PRESERVE THE INTEGRITY OF GOVERNMENT AT THE PROVINCIAL AND LOCAL LEVEL (SEE VOUTAS-OLMSTED MEMCON OF APRIL 3, 1978). OR HE MAY SEE HIMSELF AS A POTENTIAL PM, ALTHOUGH FEW OTHERS SO SEE HIM.

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-----125982 281559Z /41/10

R 210600Z JUL 78
FM AMEMBASSY PORT MORESBY
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C O N F I D E N T I A L SECTION 2 OF 2 PORT MORESBY 1124

C O R R E C T E D C O P Y - T E X T

CINCPAC ALSO FOR POLAD

6. SOMARE ACTING AS IF HE STAKING HIS CAREER ON THIS VERY UNCERTAIN ISSUE. SOME ATTRIBUTE THIS TO HALF-SERIOUS DESIRE BY SOMARE TO WITHDRAW TO BACK BENCH AND GET A RESPITE FROM THE PRESSURES OF OFFICE. HE IS HAVING MARITAL DIFFICULTIES, WAS QUITE DEPRESSED SOME MONTHS AGO AND HIS HANDLING OF A NUMBER OF RECENT ISSUES, INCLUDING, INTER-ALIA, UNIVERSITY STUDENT STRIKE, ATTEMPT TO REHIRE PUBLIC SERVANT FIRED BY OMBUDSMAN COMMISSION, BORDER PROBLEM AND ESTABLISHMENT OF PRC AND SOVIET EMBASSIES, HAS BEEN EITHER UNSURE AND/OR SEVERELY CRITICIZED. HOWEVER, WE MORE INCLINED ATTRIBUTE MOVE ON LEADERSHIP CODE TO OTHER MOTIVES. CHAN COULD BE RIGHT IN SAYING PANGU PEOPLE PUSING CODE TO SALVAGE BAD INVESTMENTS BUT JUST AS LIKELY IS PANGU AND SOMARE DESIRE FOR A NEW CRUSADE. THEY GOT WHERE THEY ARE BY BEING AHEAD OF OTHER POLS ON INDEPENDENCE ISSUE. LEADERSHIP CODE,

WHICH ENDORSED BY SUCH DIVERSE GROUPS AS PROVINCIAL
PREMIERS' GROUP, LAE CITY GOVERNMENT AND NATIONAL
CATHOLIC COUNCIL, COULD PROVIDE A POPULAR ISSUE WITH
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WHICH TO GO TO THE PEOPLE. UNANSERED QUESTION IS -
WHY DO SO IN FIRST YEAR OF A NEW GOVERNMENT? WHATEVER
THE ANSWER, POLITICAL MANUEVERING WILL BE INTENSE OVER
NEXT THREE WEEKS ON THIS, MOST IMPORTANT DOMESTIC
POLITICAL ISSUE SINCE BOUGAINVILLE SECESSIONIST MOVES
IN 75-76.
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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 jan 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: STANDARDS, MILITARY PERSONNEL, PUBLIC ATTITUDES
Control Number: n/a
Copy: SINGLE
Draft Date: 21 jul 1978
Decaption Date: 01 jan 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 20 Mar 2014
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1978PORTM01124
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: GS
Errors: N/A
Expiration:
Film Number: D780299-1167
Format: TEL
From: PORT MORESBY
Handling Restrictions: n/a
Image Path:
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Legacy Key: link1978/newtext/t19780733/aaaabbwc.tel
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Litigation Code IDs:
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Litigation History:
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Office: ACTION EA
Original Classification: CONFIDENTIAL
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 4
Previous Channel Indicators: n/a
Previous Classification: CONFIDENTIAL
Previous Handling Restrictions: n/a
Reference: 78 PORT MORESBY 783
Retention: 0
Review Action: RELEASED, APPROVED
Review Content Flags:
Review Date: 06 may 2005
Review Event:
Review Exemptions: n/a
Review Media Identifier:
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
SAS ID: 1926045
Secure: OPEN
Status: NATIVE
Subject: CONFRONTATION ERUPTS ANEW OVER LEADERSHIP CODE
TAGS: PINT, MILI, PP
To: STATE
Type: TE
vdkgvwkey: odb://SAS/SAS.dbo.SAS_Docs/d3e4146f-c288-dd11-92da-001cc4696bcc
Review Markings:
Sheryl P. Walter
Declassified/Released
US Department of State
EO Systematic Review
20 Mar 2014
Markings: Sheryl P. Walter Declassified/Released US Department of State EO Systematic Review 20 Mar 2014